

## CrestPoint Development - Demand side analysis

This analysis determines the sales available for capture by Crest Pointe development from residents of Anderson County and Oak Ridge. In other words this analysis looks at what additional new sales is possible if retail purchase made outside of Anderson County and Oak Ridge are “loyally” made at Crest Pointe by its residents.

### Anderson County - Sales and Leakage Numbers

Description	<i>Sales (Thousands Of Dollars)</i>	<i>Estimated Leakage</i>	<i>Available for capture by CrestPointe as new sales</i>
<b>Total retail sales - \$967,921</b>			
<b>Food and beverage stores</b>			
Grocery stores	\$193,242	\$79,877	
Other food and beverage stores	\$7,531	(\$26,096)	
<b>Food service and drinking places</b>	<b>\$93,330</b>	(\$6,398)	(\$6,398)
<b>General merchandise</b>			
Department stores	\$103,053	(\$6,931)	(\$6,931)
Other general merchandise stores	\$42,418	(\$7,414)	(\$7,414)
<b>Clothing and clothing accessories</b>	<b>\$45,896</b>	(\$3,012)	(\$3,012)
<b>Furniture, home furnishings, electronics and appliances</b>			
Furniture and home furnishings stores	\$11,518	(\$14,895)	
Electronics and appliance stores	\$8,903	(\$7,382)	(\$7,382)
<b>Motor vehicles and parts</b>	<b>\$216,907</b>	(\$19,871)	
<b>Gasoline service stations</b>	<b>\$53,156</b>	(\$59,946)	
<b>Building materials and garden equipment</b>	<b>\$47,200</b>	(\$36,991)	
<b>Health and personal care stores</b>	<b>\$83,123</b>	\$30,244	
<b>Other retail stores</b>	<b>\$61,644</b>	(\$12,667)	(\$12,667)
<b>Anderson County Total Sales 2005</b>	<b>\$967,921</b>	(\$91,482)	(\$43,804)
<b>Oak Ridge Total sales 2005</b>	<b>\$439,524</b>		
<b>Oak Ridge Sales as Percentage of Anderson County</b>	<b>45%</b>		
		at 45%	(\$19,890.99)
<b>Sales Tax Realized 0.5 * 2.75% on \$40 million</b>			<b>\$602.31</b>

The net sale in Anderson County is \$968 million (nearly a billion dollars). There is an in-leakage of \$110 million attributed to food and health products, both an artifact of the big-box grocery stores that do not exist in some of the surrounding counties. The out-leakage is to the tune of \$202 million. The major components (big ticket items) of out leakage are:

- Gasoline \$60 million
- Building Supply \$37 million
- Other (specialty) foods \$26 million
- Automobiles \$20 million
- Furniture \$15 million

This totals to about \$158 million out-leakage that cannot be serviced at Crest Pointe Power Center. The balance of approximately \$43 million is available for capture by Crest Pointe as new sales. The \$43 million represents out-leakage for the whole of Anderson County. Prorating that to Oak Ridge at 45% will be approximately \$20 million. The sales tax revenue realized by the city of Oak Ridge will be **\$602,000** (on \$43 million) and **\$270,000** (on \$20 million) respectively.

One can argue that we can capture sales from residents across the Postma Bridge. By the same token one can also argue that Crest Point cannot capture 100% of the leakage of Anderson County.

Though the “Estimated In/Out Retail Trade Leakages” study numbers are an extrapolation based on some model available to the TVA, I trust these numbers with a higher degree of confidence for the following reasons. Out of the annual \$2 billion (assuming post federal tax) that people in Anderson County earn they spend \$1.2 billion (app \$1 billion within the county and \$200 million outside) on retail. That constitutes 60% of their earnings. Typically 30% goes towards housing and the balance 10% to 15% is used towards other needs such as servicing personal debt, education, doctors, utilities, lottery tickets, etc. These numbers are also used by the Chamber of Commerce to entice potential new business into Oak Ridge.

As a side note, what stands out is the fact that something needs to be done about the \$60 million we lose annually on gasoline. Like food gasoline is a fact of life and has a very short life cycle. If possible we need to reduce our sales tax on gasoline or give the gas stations in Oak Ridge/Anderson county incentives to be competitive with Knox County.